



March 8, 2011

MEMORANDUM FOR GSA CLIENT AGENCY CONTACTS

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SUBJECT: Payroll Processing during Potential Furlough

The current Continuing Resolution (CR) for Fiscal Year (FY) 2011 is scheduled to expire at midnight, Friday, March 18, 2011. If Congress and the President do not pass the fiscal year budget or another CR, then the Federal government may need to shutdown and place employees on furlough. A shutdown of the Federal government due to a lapse in appropriations occurs rarely. The last time the Federal government shutdown and placed employees on furlough was in 1995.

We are issuing the attached guidelines to assist GSA and its client agencies with processing time and attendance and advising employees of the impact on their pay and benefits in the event of a government shutdown. We request that Timekeepers and Certifying Officials carefully review the instructions in this document, especially Section 6, Timekeeping, to ensure your agency's employees time is properly recorded in the event of a government shutdown.

The GSA, Office of the Chief Financial Officer (OCFO), National Payroll Branch (NPB) is committed to providing uninterrupted payroll services during a possible government shutdown. Client agencies should determine the effect of a lapse in appropriation on their funding. Client agencies must send GSA a certification that funds are available during a lapse in appropriation. This certification may be sent in an email to the NPB at Tami.Henry@gsa.gov.

During a potential furlough, the OCFO NPB requests a single point of contact for each client agency for any questions on funding and employees' status. This point of contact can be emailed to Tami Henry of the NPB at Tami.Henry@gsa.gov.

Should you have any questions, please contact our Customer Service Representatives in the GSA NPB at (816) 823-3900 or use our toll-free number (800) 676-3690, extension 33900. You may also contact the GSA NPB Customer Service Representatives by fax at (816) 823-5435 or e-mail at KC-Payroll.Finance@gsa.gov.

GSA Payroll Operations during a Lapse in Appropriation - Furlough

1. Lapses in appropriations. The Constitution provides that "no money shall be drawn from the Treasury, but in consequence of appropriations made by law." The Treasury is further protected through the Anti-deficiency Act, which among other things prohibits all officers and employees of the Federal government from entering into obligations in advance of appropriations and prohibits employing Federal personnel except in emergencies, unless otherwise authorized by law. See 31 U.S.C. 1341 *et seq.* Therefore, government entities should determine whether funds would remain available during a lapse in appropriation. If not, then government entities shall implement a furlough of employees.

2. Time and attendance reporting. Normal Electronic Time and Attendance Management System (ETAMS) processing schedules will remain in effect during the furlough. Time and Attendance cards will be processed and salary payments will be disbursed as scheduled based upon the GSA 2011 Payroll Calendar.

3. Exempt Agencies. Some government entities, or portions of a government entity, may be unaffected by a lapse in appropriation and are exempt from the government shutdown. For example, their employees are funded by a permanent appropriation and are unaffected by a lapse of appropriation. For these employees, their pay and benefits would be unaffected. The client agency should submit the "regular" timecard for these employees through the ETAMS.

4. Non-exempt Agencies (i.e. those affected by a lapse in appropriation). Those agencies that will be affected by a lapse in appropriation may have up to three different categories of employees: excepted employees (i.e. mission essential) who will work during the furlough for delayed pay; non-excepted employees who are on furlough status and may not get paid; or employees whose funding is not affected by the lapse in appropriations and these employees get paid as usual during the furlough.

a. "Delayed-pay" employees who are closing down operations or performing excepted activities must report for duty as directed throughout the lapse period. These employees are working for "delayed pay" and will not be paid until the funding lapse is over. Excepted activities are those that directly or indirectly provide for the protection of life or property.

b. "Non-pay," or otherwise non-excepted from a lapse in appropriations, employees will be furloughed. Employees who are "non-pay" must not continue work while on furlough and are in a "non-work, non-pay" status. It is illegal for a manager to accept work of employees for non-pay activities during a lapse in funding. This includes employees who have the ability to telework.

c. Employees whose funding is not affected by the lapse in appropriations. For these employees, their pay and benefits would be unaffected. The client agency should submit the "regular" timecard for these employees through the ETAMS.

5. Pay and benefits. In general, neither "delayed-pay" nor "non-pay" employees will be paid during a lapse in appropriations. However, employees paid from funds that are exempt may continue to be paid, unless they are subsequently furloughed.

a. Salary payments for the pay period ending (PPE) March 12, 2011, will be processed as normal with an electronic funds transfer (EFT) deposit made on Friday, March 18, 2011. Salary payments for the PPE March 26, 2011, will be split between "regular schedule hours" the first week and "furlough hours" the second week.

b. Employees will not earn sick or annual leave if the furlough extends for an entire pay period. Employees in a non-pay status will not be paid for holidays falling within the furlough period. In addition, agencies must cancel approved leave for furloughed employees.

c. Federal Employees Health Benefits (FEHB) and Federal Employees' Group Life Insurance (FEGLI) coverage will not be affected by the furlough and coverage will continue during a furlough.

(1) Employees will owe the employee share of the FEHB premiums for any pay periods they are in a furlough (non-pay status), and the OCFO NPB will begin collecting those premiums from the first available payroll after a return to paid duty status. If employees would prefer to pay their FEHB premiums during the furlough, please have them complete the attached FEHB Furlough Option Election form to designate their election and send it to the NPB. Please check with the agency Benefits Administrator for more details.

(2) For FEGLI, coverage continues for 12 consecutive months in a non-pay status without cost to the employees or to the agency. Please check with the agency Benefits Administrator for more details.

d. Payroll deductions and garnishment deductions will not be taken while an employee is in a furlough (non-pay status). However, for PPE March 26, 2011, which has a partial furlough for the pay period, some deductions may be taken based on the Order of Precedence for deductions. Deductions will resume when the employee returns to pay period duty status, but amounts "missed" during the furlough will not be collected. **This includes CSRS or FERS retirement deductions, and government matching of TSP for FERS employees will not be paid.** Please check with the agency Benefits Administrator for more details.

6. Timekeeping. During the furlough, timekeeping for both "delayed-pay" (work, delayed pay) and "non-pay" (non-work, non-pay) employees is the same. However, after the appropriation or CR is passed, the agency will need to process amended timecards to pay their "delayed-pay" employees for the hours worked during the furlough.

In the event of a lapse in appropriations after midnight, Friday, March 18, 2011, the GSA OCFO will take the following actions:

For PPE March 26, 2011:

- For Exempt Agencies who are not affected by a lapse in appropriations. These agencies should follow the normal ETAMS processing schedule of recording time on the ETAMS timecard and having them certified by 11am local time, Monday, March 28, 2011.
- For Non-exempt Agencies who are affected by a lapse in appropriations. These agencies should record hours worked and exception codes (annual leave, sick leave, etc) for week 1 only for all employees who are excepted and nonexcepted. Do not update Week 2, since the ETAMS system will perform a mass update to add the furlough hours. Timekeepers should have Week 1 time recorded by close of business March 18, 2011. Certifiers can certify timecards anytime after March 18, 2011, as long as they are certified by 11am local time on Monday, March 28, 2011. Employees will receive a salary deposit in their financial institution for week 1 hours on Friday, March 18, 2011.
- For Non-exempt Agencies – On Sunday, March 20, 2011, GSA will perform a mass update to all employees' timecards (this includes all 3 potential categories of employees a Non-exempt Agency may have) and populate Week 2 only with the ETAMS furlough code 35 – "Furlough due to lack of funds." Week 2 will be populated based upon an employee's base schedule Week 2 hours. Certifiers should review timecards one last time for any unsigned timecards by 11am local time on Monday, March 28, 2011.
- For Non-exempt Agencies with a segment of employees, who are not affected by a lapse in appropriations and who do receive pay throughout the furlough period. Agencies will have to go into the timecard after March 22, 2011, and delete the code 35 - furlough from Week 2 and update the code 01 regular hours to record the actual hours worked, as needed. These employee timecards should be certified by 11am local time, Monday, March 28, 2011. They will then receive their salary deposits in their financial institution as normal on Friday, April 1, 2011.

For all pay periods after PPE March 26, 2011, and through the end of the furlough period:

- On the first Sunday of each biweekly pay period, GSA will initialize the ETAMS Timecard for all employees.
- For Exempt Agencies, timecards will initialize as normal. Recording, Certification and Processing of timecards will be as normal. Salary Disbursement will be as normal.

- For Non-exempt Agencies, timecards for all employees will initialize and be automatically populated with the ETAMS code 35 "Furlough due to lack of funds." The Furlough time shown will be based upon the employee's base schedule. Excepted and Non-excepted employees will reflect the entire 80 hours for each pay period as furlough. Agencies will need to have an adequate number of certifying officials on hand to certify all timecards for their agency. Timecards will be collected as normal. These employee timecards should be certified by 11am local time, the Monday after the pay period ends. They will then receive their salary deposits in their financial institution as normal.
- For Non-exempt Agencies with a segment of employees, who are not affected by the lapse in appropriations and who work as normal and will get salary payments as normal, agencies will have to go into the timecard after it has been initialized, delete the code 35 furlough hours from Weeks 1 and 2. They will then record the time the employee has worked during the pay period, as well as any relevant exception codes such as annual or sick leave, telework codes, etc. These employee timecards should be certified by 11am local time, the Monday after the pay period ends. They will then receive their salary deposits in their financial institution as normal.

Once the furlough is over and the government reopens:

- Non-Exempt Agencies will have to complete amended timecards to delete the code 35 furlough hours/exception time code for all excepted employees for each pay period worked during the furlough period. This will generate the appropriate salary payments to excepted employees.
- After the amended timecards are certified, the employees will then receive their salary deposit in the next regularly scheduled biweekly salary payment.

To avoid the risk of overpaying employees and incurring debts, GSA requests that agencies review and understand the steps for each pay period outlined above. Agencies will be responsible to update the timecards of employees that are working for a fully funded position, e.g. permanent appropriation employees. In all cases, timecards must be certified by the agency in order to report time and attendance of their employees.

Note: During the furlough, base timecards **will not** be automatically used for reporting employee's time. All timecards must be reviewed and certified by the timekeeper and certifier.

7. Following are several examples of ETAMS timecard reporting based on the most common situations. All examples are for PPE March 26, 2011.

a. Fully funded employees in a partially furloughed agency. The employee is on a regular flexible work schedule, working 8-hours a day, 40-hours a week. For this example, the employee is in a position that is funded by a permanent appropriation. The GSA will perform a mass update in the ETAMS system for all affected agency timecards changing the second week of the pay period by adding the exception time code 35. To update employee's timecard, the agency should take the following action:

(1) The second week (furlough week) will have both the time code 01 – regular hours and exception time code 35 – furlough-lack of funds mass loaded into ETAMS for the number of “normal hours” scheduled to work based on the employee's Base Schedule Tour of Duty, e.g. 8-hours daily for this example. Both time codes (regular hours and furlough) will have the same number of hours reported in ETAMS. The payroll system will process the furlough codes for the second week and place the employee in a non-pay status.

(2) To update the timecard, the timekeeper and/or certifier shall delete the exception time code 35 for each day the employee is in a pay status. This will leave the time code 01 for the second week. The certifier should then certify the timecard in order to pay the employee for the full 80 regular hours.

b. Furloughed employees on Compressed Work Schedule (CWS). The employee is on a CWS schedule working a 5-4/9 CWS and his CWS day off is the Friday of the second week. The GSA will perform a mass update in the ETAMS system for all affected agency timecards changing the second week of the pay period by adding the exception time code 35 based on the number of hours on the employee's CWS schedule. Note: Changes to an employee's CWS must be approved by the supervisor in advance of the pay period.

(1) The second week (furlough week) will have both the time code 01 – regular hours and exception time code 35 – Furlough-lack of funds mass loaded into ETAMS for the number of “normal hours” scheduled to work based on the employee's Base Schedule Tour of Duty, e.g. 5-4/9 hours for this example. Both time codes (regular hours and furlough) will have the same number of hours reported in ETAMS. The payroll system will process the furlough codes for the second week and place the employee in a non-pay status.

Work day	CWS Hours – code 01	Furlough hours – code 35
March 21	9.0	9.0
March 22	9.0	9.0
March 23	9.0	9.0
March 24	9.0	9.0
March 25	CWS day off	CWS day off

(2) For “non-pay” employees, the timekeeper does not need to make further changes to the timecard for the week of the furlough. The certifier must certify the timecard and submit to GSA.

(3) For “delayed-pay” employees, **AFTER the funding is passed, the timekeeper and certifier will need to submit amended timecards for the actual hours the employee performed authorized work during the furlough.**

c. Furloughed employees on a flexible work schedule-maxiflex. The employee is on a maxiflex work schedule, working 8-hours a day, 40-hours a week. The GSA will perform a mass update in the ETAMS system for all affected agency timecards changing the second week of the pay period by adding the exception time code 35. Employees on a flexible work schedule are not authorized CWS days off and their normal workday is 8-hours. To update the employees’ timecard, the agency should take the following action.

(1) The second week (furlough week) will have both the time code 01 – regular hours and exception time code 35 – Furlough-lack of funds mass loaded into ETAMS for the number of “normal hours” scheduled to work based on the employee’s Base Schedule Tour of Duty, e.g. 8-hours for this example. Both time codes (regular hours and furlough) will have the same number of hours reported in ETAMS. The payroll system will process the furlough codes for the second week and place the employee in a non-pay status.

(2) During the first week, if the employee worked additional maxiflex hours, then they should be paid in accordance with agency maxiflex and overtime rules. The timekeeper and certifier will need to report the hours worked for first week and continue to report furlough hours for the second week in an amount not to exceed 80 hours for the pay period.

(3) For “non-pay” employees, the timekeeper does not need to make further changes to the timecard for the week of the furlough. The certifier must certify the timecard and submit to GSA.

(4) For “delayed-pay” employees, **AFTER the funding is passed, the timekeeper and certifier will need to submit amended timecards for the actual hours the employee performed authorized work during the furlough.**

Note: In the past Congress, at its own discretion, has authorized making “non-pay” employees “whole” for furloughed hours. In this case, **agencies would process amended timecards for the “non-pay” or non-excepted employees, too.**

8. Additional resources. Attached is a copy of the Office of Personnel Management’s (OPM’s) guidance on furlough. It contains detailed FAQs with copies of the Office of Management and Budget (OMB) memos on agency operations in the absence of appropriations.